

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 327 - SB 397

March 29, 2017

SUMMARY OF BILL: Prohibits the state from entering into, or renewing a contract with a pharmacy benefits manager (PBM) that requires a covered individual to use a retail pharmacy, mail order pharmacy, specialty pharmacy, or other entity providing pharmacy services in which the PBM has an ownership interest in a pharmacy in its network or in the PBM. Requires a PBM to disclose to the Commissioner of the Department of Finance and Administration (F&A) any ownership interest of any kind with any parent company, subsidiary, or other organization that is related to the provision of pharmacy services, the provision of other prescription drug or device services, or a pharmaceutical manufacturer and requires a PBM to notify the Commissioner of F&A in writing, within 30 days, of any material change in the PBM's ownership. Requires the F&A's audit and monitoring plan to include a review of all benefits, incentives, and ownership interests of any kind for all state PBM contracts.

ESTIMATED FISCAL IMPACT:

NOT SIGNIFICANT

Assumptions:

- Based on information provided by the Department of Finance and Administration, Divisions of Health Care Finance and Administration (HCFA), the proposed legislation will not restrict HCFA's contracting; therefore, any fiscal impact is estimated to be not significant.
- Based on information provided by F&A, the Division of Benefits Administration current PBM contract prohibits the activities in the proposed legislation. The Division can update the current audit to include a review of all benefits, incentives, and ownership interests of any kind for all state PBM contracts within existing resources without an increased appropriation or reduced reversion.

IMPACT TO COMMERCE:

NOT SIGNIFICANT

HB 327 - SB 397

Assumption:

- Prohibiting the state from contracting with certain pharmacy benefit managers pursuant to the provisions of this legislation will not have a significant impact on commerce or jobs in Tennessee.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

/jem